

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 556 – HB 678

March 6, 2016

**SUMMARY OF ORIGINAL BILL:** Phases out the occupational privilege tax on all occupations subject to the tax, except for professional athletes, by reducing such tax \$80 per year over the next 5 years, effectively eliminating the tax after June 1, 2019.

FISCAL IMPACT OF ORIGINAL BILL:

Decrease State Revenue – Net Impact – \$15,466,100/FY14-15  
\$30,932,200/FY15-16  
\$46,398,300/FY16-17  
\$61,864,400/FY17-18  
\$77,330,500/FY18-19 and Subsequent Years

Decrease State Expenditures – \$173,100/FY14-15  
\$346,200/FY15-16  
\$519,400/FY16-17  
\$692,500/FY17-18  
\$865,600/FY18-19 and Subsequent Years

Increase Local Revenue – \$217,900/FY14-15  
\$435,700/FY15-16  
\$653,600/FY16-17  
\$871,500/FY17-18  
\$1,089,400/FY18-19 and Subsequent Years

**SUMMARY OF AMENDMENT (012736):** Deletes all language of the bill. Creates a study committee, comprised of six members of the General Assembly and the Commissioner of the Department of Revenue, or the Commissioner's designee, to study and make recommendations relative to the occupational privilege tax. Authorizes reimbursement of travel and other appropriate expenses. Requires the committee to provide its recommendations and report regarding the tax to the Speakers of the Senate and House of Representative and Chairs of the Finance, Ways and Means Committees of both houses by January 1, 2017, at which time the committee shall cease to exist.

**FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:**

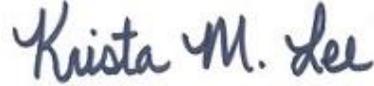
**Increase State Expenditures – \$2,100/Each One-Day Meeting**

Assumptions for the bill as amended:

- Travel and per diem expenses for six legislative members of \$2,061 per meeting (\$204 per diem plus \$139.59 mileage for each member).
- The Commissioner of the Department of Revenue will not incur any significant expenses.
- Any cost for the study committee to submit its recommendations and a report is estimated to be not significant.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Krista M. Lee, Executive Director

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